

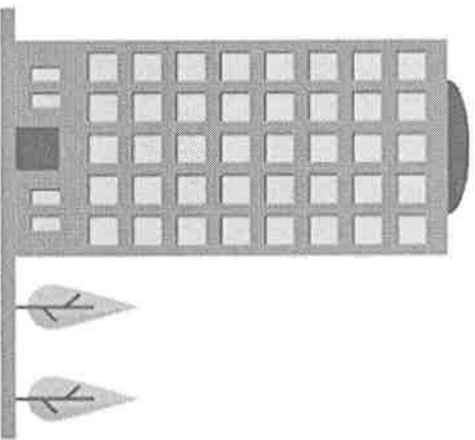
Interest Expense Deduction

Before Tax Cuts and Jobs Act

FEDERAL TAX

- Income: \$100,000
- Interest Expenses: \$10,000
- Taxable Income: \$90,000

$$\$90,000 \times 35\% = \$31,500$$



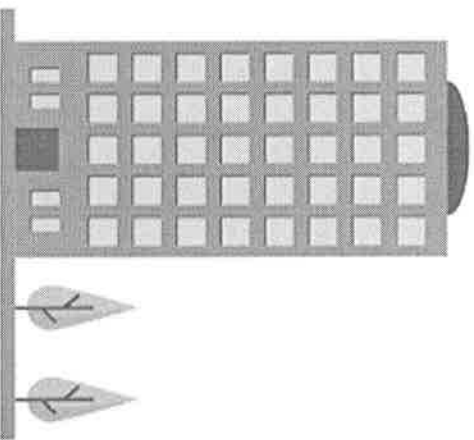
Interest Expense Deduction

After Tax Cuts and Jobs Act

FEDERAL TAX

- Income: \$100,000
- LIMITED Interest Expenses: \$5,000
- Taxable Income: \$95,000

$$\text{\$95,000} \times 21\% = \text{\$19,950}$$



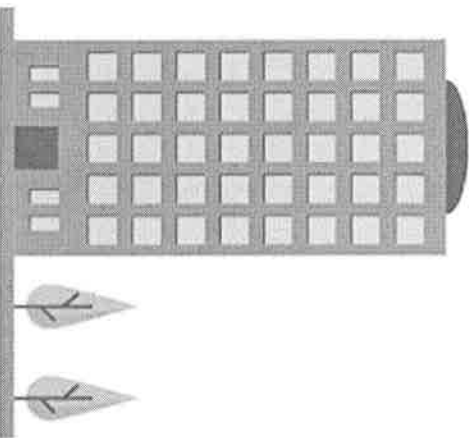
Interest Expense Deduction

Before Tax Cuts and Jobs Act

STATE TAX

- Federal Taxable Income: \$90,000

$$\text{\$90,000} \times 6\% = \text{\$5,400}$$



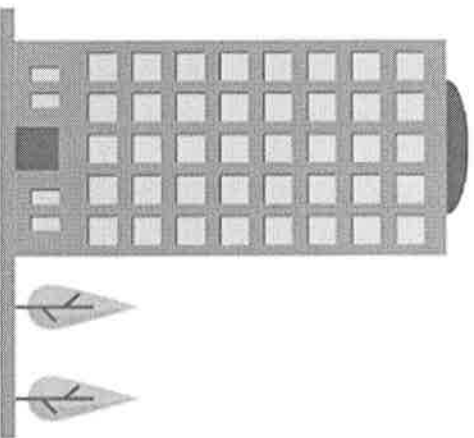
Interest Expense Deduction

After Tax Cuts and Jobs Act

STATE TAX

- Federal Taxable Income: \$95,000

$$\text{\$95,000} \times 6\% = \text{\$5,700}$$



Interest Expense Deduction

- State Tax Liability Before TCJA: \$5400
- State Tax Liability After TCJA: \$5700
- 5.5% State Tax Liability Increase